

## Message Text

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ACTION ARA-10

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TO SECSTATE WASHDC 7332

C O N F I D E N T I A L SAN JOSE 2069

E.O. 11652: GDS  
TAGS: PFOR, PGOV, CS  
SUBJECNV: ODUBER ANSWERS FIGUERES' NEW REPUBLIC CHARGES

1. SUMMARY: ODUBER ADMITS TO INDIRECT VESCO FINANCING OF

HIS 1974 CAMPAIGN -- BUT THROUGH A FIGUERES ENTERPRISE.  
PRESIDENT DEPICTS FIGUERES AS LOOSE-TONGUED OLD MAN WHO HAS  
CHANGED OR ABANDONED PRINCIPLES OF HIS EARLIER YEARS.  
ODUBER'S LETTER MARKS PUBLIC BREAK BETWEEN ODUBER AND  
GOVERNMENT PARTY AND FIGUERES. END SUMMARY.

2. IN OBVIOUS BOW TO PUBLIC PRESSURE, PRESIDENT ODUBER RELEASED  
MAY 10 TEXT OF HIS LETTER TO NEW REPUBLIC IN RESPONSE TO JOSE  
FIGUERES' CHARGES THEREIN OF VESCO POLITICAL CONTRIBUTIONS  
TO PRESIDENT AND PARTY DURING 1974 CAMPAIGN. IN CI ODUBER

ADMITTED THAT HIS CAMPAIGN WAS FINANCED IN PART BY A FIGUERES  
ENTERPRISE THAT HAD RECEIVED FUNDS FROM IOS. THE EFFORT IS  
CLASSIC ODUBER, THAT IS, IT IS A WELL DRAFTED, EMINENTLY  
REASONABLE SOUNDING POLITICAL PIECE. IT IS ALSO SLIPPERY,  
OMITTING, AND TENDENTIOUS. ODUBERT DEFTLY, AND AT EVERY TURN,  
DEPICTS FIGUERES AS AN OLD, EXAGGERATING FOOL WHO SHOOTS FROM  
THE LIP; HE ALSO ATTRIBUTES ALL THE ILLS OF WHICH FIGUERES  
SPEAKS TO FIGUERES. THIS LETTER WILL INFURIATE FIGUERES AND  
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HIS FOLLOWERS, AND MARKS THE PUBLIC BREAK BETWEEN THEM.

3. ODUBER STATES AT OUTSET THAT FIGUERES IN HIS LATER YEARS  
HAS BEEN CONSTANT SOURCE OF TENSIONS AND BOTHER, BUT THAT  
NEVERTHELESS, "WE CONTINUE TO RESPECT HIM, AND IN MANY WAYS,  
SUCH AS IN A FAMILY, WE AVOID DIRECT CONFRONTATION WITH HIM."

4. IN ONE KEY PARAGRAPH OF TEN PARAGRAPH LETTER, ODUBER ATTEMPTS TO EXPLAIN AWAY VESCO-RELATED CHARGES OF CORRUPTION: QUOTE: WE DID NOT OBJECT TO ARRIVUE OF VESCO AND HIS FRIENDS IN COSTA RICA. WE HAVE HAD MANY SIMILAR CASES IN THE PAST (COMMENT: PEOPLE FLEEING FROM THEIR COUNTRIES FOR POLITICALLY-RELATED OFFENSES), AND THE FACT THAT THE ULTIMATE OWNERSHIP OF THE FUNDS WAS UNDER DISCUSSION IN THE COURTS OF SO MANY COUNTRIES DID NOT MEAN THAT THE FUNDS THAT ARRIVED HERE WOULD BE USED INCORRECTLY. WHAT WE DID OBJECT TO WAS LIE PRESIDENT OF OUR COUNTRY (FIGUERES) ENTERING INTO BUSINESS WITH THE VESCO GROUP. THIS WAS A CONTRADICTION OF A CLEAR TRADITION IN OUR COUNTRY WHICH WE RESPECT, AND THE DECISION OF DON PEPE TO ENTER INTO THESE BUSINESSES CREATED PROBLEMS FOR HIM, AND IT CREATED PROBLEMS FOR MR. VESCO'S GROUP AND THE COUNTRY. THIS BROUGHT ABOUT TENSION BETWEEN DON PEPE AND OUR GROUP.

VARIOUS ENTERPRISES OF DON PEPE WERE REFINANCED WITH FUNDS THAT CAME FROM MUTUAL FUND COMPANIES. THIS WAS KNOWN BY EVERYBODY. ONE OF DON PEPE'S COMPAFIES LOANED MONEY TO THE PARTY DURINGMY CAMPAIGN. THE LOAN WAS PAID WHEN WE REALIZED THAT THIS COMPANY HAD BEEN FORMED IN PART WITH MONIES THAT CAME FROM IOS MUTUAL FUNDS. END QUOTE.

5. IN REST OF LETTER ODUBER PUTS FIGUERES DOWN IN SAME VEIN:

-- ON FIGUERES "ALL COSTA RICANS ARE COWARDS" CHARGE: "HE CALLS THOSE WHO DO NOT AGREE WITH HIM... COWARDS; THIS EXPRESSION IS VERY CHARACTERISTIC OF HIS TEMPERAMENT RECENTLY."  
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-- ON EXISTENCE OF CORRUPTION IN COSTA RICA: "CORRUPTION HAS ALWAYS EXISTED IN COSLL RICA... SOME GOVERNMENTS STOP IT, OTHERS USE IT TO SATISFY FINANCIAL OR POLITICAL FRIENDS. THIS GOVERNMENT HAS MADE A GREAT EFFORT TO HALT IT. WE HAVE HAD TO HALT PROJECTS BEGUN IN OTHER ADMINISTRATION WHEN THEY WERE BADLY PLANNED OR WHEF IT WAS REVEALED THAT PROMOTERS AND INTERMEDIATORS WOULD RECEIVE EXCESSIVE PROFIT." (COMMENT: ODUBER SUCCEEDED FIGUERES IN THE PRESIDENCY).

-- ON CIA IN COSTA RICA DURING FIGUERES' ADMINISTRATION:

"DON PEPE SAID HE BROUGHT THE CIA TO INVOLVE ITSELF IN CENTRAL AMERICAN AFFAIRS... (THIS IS) SHOCKING NEWS FOR ME AND HIS CLOSE FOLLOWERS."

-- RE THE INSTITUTE OF LABOR RESEARCH, AN ALLEGEDLY CIA-SUPPORTED INSTITUTION WHICH BACKED A PLN POLITICAL EDUCATION INSTITUTE IN THE 50'S AND 60'S; "...AS SOON AS WE DISCOVERED THAT SOMETHING

WAS NOT RIGHT, WE CLOSED OUR INSTITUTION AND OPENED IT AGAIN YEARS LATER UNDER THE SPONSORSHIP OF THE GERMAN FREDERICH EBERT FOUNDATION."

6. ODUBER CONCLUDES BY NOTING THAT THE DIFFERENCES THAT EXIST BETWEEN FIGUERES AND HIS GROUP ARE FREQUENT IN DEMOCRATIC INSTITUTIONS, BUT SHOVS IN THE KNIFE AGAIN BY ADDING: "THE FACT THAT FIGUERES MAY HAVE CHANGED OR ABANDONED MANY OF HIS PRINCIPLES IN LATER YEARS FORTUNATELY DOES NOT CHANGE HIS HISTORIC IMAGE THAT HE CREATED AS A LEADER IN LATIN AMERICA."

7. COMMENT: WITH THIS LETTER MADE PUBLIC, DANIEL ODUBER HAS FINALLY, IN PUBLIC, THROWN DOWN THE GAUNTLET TO FIGUERES. AT THE SAME TIME, HE HAS BROADENED AND DEEPENED THE SCANDAL, AND HAS PUBLICLY HUMILIATED FIGUERES. THE PARTY POLITICAL COMMITTEE, PLN YOUTH, AND THE PLN LEGISLATIVE CONTINGENT WILL PROBABLY LINE UP BEHIND ODUBER AGAINST FIGUERES; HOWEVER, THEIR CONFIDENTIAL

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PUBLIC STATEMENTS WILL LACK THE STILETTO QUALITY OF ODUBER'S. IT IS DIFFICULT TO SEE AT THIS POINT, WITH ALL THAT HAS BEEN WRITTEN AND SAID, HOW ODUBER AND THE PARTY ON THE ONE HAND, AND FIGUERES ON THE OTHER COULD PATCH THINGS UP EVEN IF THEY WANTED TO. THE COUNTRY AWAITS FIGUERES' REACTION. OUR GUESS IS THAT HE WILL POINT TO ODUBER GOVERNMENT CORRUPTION, VESCO-RELATED AND OTHERWISE. KILDAY

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## Message Attributes

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